

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

ELECTRONIC APPLICATION OF BLUEGRASS)	
WATER UTILITY OPERATING COMPANY, LLC)	Case No. 2022-00217
FOR ISSUANCE OF EVIDENCE OF)	
INDEBTEDNESS)	

**BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S
RESPONSES TO COMMISSION STAFF'S FIRST REQUESTS FOR INFORMATION**

Bluegrass Water Utility Operating Company, LLC, (“Bluegrass Water” or the “Company”) by counsel, files its responses to the Commission Staff’s First Requests for Information, issued in the above-captioned case on September 2, 2022.

FILED: September 16, 2022

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ISSUANCE OF EVIDENCES OF INDEBTEDNESS
CASE NO. 2022-00217

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE
COMMISSION STAFF'S FIRST REQUESTS FOR INFORMATION

REQUEST NO. 1: Refer to the Application, paragraph 18. Provide the most current interest rates that would be available to Bluegrass Water.

RESPONSE: The provided term sheet outlines the option for a calculation for interest that is equal to the daily Secured Overnight Financing Rate (SOFR) [REDACTED]. The final rate is subject to the actual daily SOFR at closing, but the SOFR as of 9/1/2022 was equal to 2.29% (<https://www.newyorkfed.org/markets/reference-rates/sofr>) leading to a calculated interest rate of [REDACTED]

Witness: Brent Thies

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BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE
COMMISSION STAFF'S FIRST REQUESTS FOR INFORMATION

REQUEST NO. 2: Refer to the Application, paragraph 19. Provide a detailed list and estimate of transaction costs associated with the proposed indebtedness.

RESPONSE: Please see the Exhibit attached hereto, which contains a detailed list and estimate of transaction costs associated with the proposed indebtedness. A portion of the exhibit contains CONFIDENTIAL information, and is being filed subject to a contemporaneously filed motion for confidential treatment.

Witness: Brent Thies

Bluegrass Water Financing Application - Case No. 2022-00217

Exhibit to Response to PSC 1-2

Item	Cost	Description
Origination fee		
Cobank legal costs	10,000.00	Current estimate
Bluegrass legal costs	20,000.00	Current estimate
Total		

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REQUEST NO. 3: Explain whether Bluegrass Water intends to engage in any hedging activities, and if so, provide a detail explanation, support and estimated expenses associated with the proposed hedging strategy.

RESPONSE: Bluegrass Water does not presently plan to engage in any hedging activities.

Witness: Brent Thies

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REQUEST NO. 4: Provide Bluegrass Water's financing plan for the next five years.

RESPONSE: Bluegrass Water intends to continue pursuit of a capital structure that includes up to 50% debt. At present, however, the proposed financing is consistent with what the financial market will bear. The Company expects to source additional debt when its creditworthiness allows.

Witness: Brent Thies

